

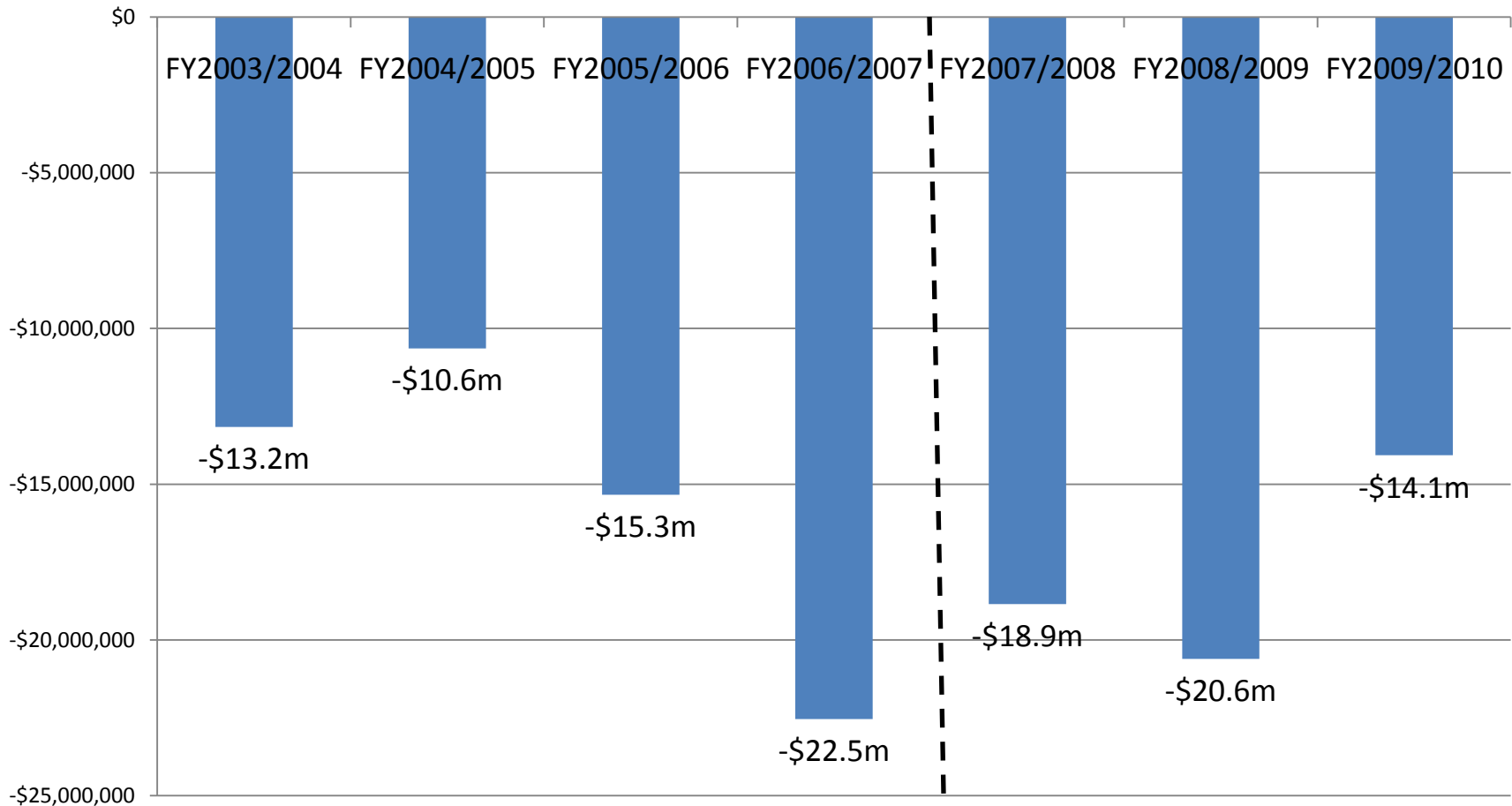
Alternative Scenarios and Additional Requested Information

Senate LCI

Tuesday, February 22, 2011

Yearly Deficit Summary

Net Deficit 10 Largest "Negative Balance" Employers



- Largest 10 have combined 7 year deficit of \$115+ million

Distribution of Firms and Employment--All Industries

Rate	Employers		Est. Employees	
1	45,426	53.3%	174,680	11.2%
2	1,963	2.3%	72,565	4.7%
3	1,383	1.6%	72,626	4.7%
4	950	1.1%	73,304	4.7%
5	953	1.1%	72,729	4.7%
6	1,212	1.4%	72,743	4.7%
7	1,026	1.2%	88,414	5.7%
8	1,425	1.7%	71,707	4.6%
9	1,640	1.9%	72,515	4.7%
10	1,479	1.7%	70,651	4.5%
11	1,469	1.7%	71,747	4.6%
12	1,771	2.1%	71,296	4.6%
13	2,133	2.5%	71,087	4.6%
14	2,219	2.6%	70,039	4.5%
15	2,844	3.3%	71,394	4.6%
16	2,724	3.2%	71,359	4.6%
17	3,007	3.5%	71,516	4.6%
18	3,051	3.6%	71,393	4.6%
19	2,955	3.5%	71,339	4.6%
20	5,601	6.6%	71,427	4.6%
Total	85,231		1,554,531	

•71.2% of firms in classes 1-12

•63.4% of emp in classes 1-12

•28.8% of firms in classes 13-20

•36.6% of emp in classes 13-20

Distribution of Firms and Employment -- Temps

Rate	Employers		Est. Employees	
1	337	34.9%	1,309	2.0%
2	19	2.0%	825	1.3%
3	11	1.1%	528	0.8%
4	10	1.0%	2,391	3.7%
5	19	2.0%	286	0.4%
6	8	0.8%	174	0.3%
7	9	0.9%	508	0.8%
8	5	0.5%	314	0.5%
9	20	2.1%	997	1.6%
10	10	1.0%	974	1.5%
11	15	1.6%	1,108	1.7%
12	22	2.3%	1,595	2.5%
13	25	2.6%	563	0.9%
14	30	3.1%	2,003	3.1%
15	39	4.0%	286	0.4%
16	54	5.6%	4,105	6.4%
17	54	5.6%	5,649	8.8%
18	74	7.7%	15,932	24.8%
19	71	7.4%	18,417	28.7%
20	133	13.8%	6,171	9.6%
Total	965		64,136	

- 50.3% of firms in classes 1-12
- 17.2% of emp in classes 1-12
- 49.7% of firms in classes 13-20
- 82.8% of emp in classes 13-20

Distribution of Firms and Employment -- Construction

Rate	Employers		Est. Employees	
1	4,180	39.1%	11,230	11.2%
2	143	1.3%	1,507	1.5%
3	89	0.8%	1,103	1.1%
4	68	0.6%	805	0.8%
5	68	0.6%	796	0.8%
6	88	0.8%	1,387	1.4%
7	84	0.8%	1,120	1.1%
8	127	1.2%	1,817	1.8%
9	158	1.5%	2,072	2.1%
10	147	1.4%	1,942	1.9%
11	140	1.3%	4,976	5.0%
12	224	2.1%	3,825	3.8%
13	264	2.5%	3,837	3.8%
14	334	3.1%	5,347	5.3%
15	458	4.3%	7,944	7.9%
16	498	4.7%	9,272	9.3%
17	622	5.8%	11,184	11.2%
18	739	6.9%	9,318	9.3%
19	763	7.1%	10,863	10.9%
20	1,507	14.1%	9,615	9.6%
Total	10,701		99,959	

- 51.5% of firms in classes 1-12
- 32.6% of emp in classes 1-12
- 48.5% of firms in classes 13-20
- 67.4% of emp in classes 13-20

Distribution of Firms and Employment -- Manufacturing

Rate Class	Firms		Est. Employment	
1	1,164	28.3%	5,116	2.2%
2	60	1.5%	5,175	2.3%
3	62	1.5%	6,616	2.9%
4	52	1.3%	9,607	4.2%
5	27	0.7%	5,880	2.6%
6	55	1.3%	21,982	9.6%
7	57	1.4%	4,288	1.9%
8	84	2.0%	6,330	2.8%
9	97	2.4%	10,370	4.5%
10	97	2.4%	5,936	2.6%
11	88	2.1%	6,617	2.9%
12	94	2.3%	8,912	3.9%
13	137	3.3%	8,293	3.6%
14	163	4.0%	9,531	4.2%
15	201	4.9%	12,878	5.6%
16	232	5.7%	16,806	7.3%
17	296	7.2%	17,665	7.7%
18	309	7.5%	19,279	8.4%
19	288	7.0%	19,044	8.3%
20	543	13.2%	28,603	12.5%
Total	4,106		228,927	

- 47.2% of firms in classes 1-12
- 42.3% of emp in classes 1-12
- 52.8% of firms in classes 13-20
- 57.7% of emp in classes 13-20

Rates with No Debt

	2011	2012	2013	2014	2015
1	\$6.00	\$7.20	\$7.20	\$7.20	\$8.40
2	\$78.01	\$70.04	\$60.03	\$56.98	\$53.28
3	\$86.02	\$77.02	\$65.90	\$62.51	\$58.26
4	\$94.91	\$84.78	\$72.42	\$68.66	\$63.80
5	\$104.79	\$93.40	\$79.67	\$75.48	\$69.96
6	\$115.76	\$102.97	\$87.72	\$83.07	\$76.80
7	\$127.96	\$113.61	\$96.67	\$91.50	\$84.40
8	\$141.51	\$125.44	\$106.61	\$100.87	\$92.84
9	\$156.56	\$138.58	\$117.66	\$111.28	\$102.22
10	\$173.29	\$153.17	\$129.93	\$122.84	\$112.65
11	\$191.88	\$169.39	\$158.72	\$149.97	\$124.23
12	\$212.54	\$187.41	\$175.55	\$165.83	\$137.10
13	\$401.14	\$351.98	\$209.22	\$197.56	\$162.84
14	\$445.05	\$390.29	\$249.79	\$235.78	\$185.81
15	\$493.83	\$432.86	\$276.75	\$261.18	\$205.52
16	\$548.03	\$480.15	\$306.70	\$289.40	\$227.42
17	\$608.26	\$532.70	\$339.97	\$320.76	\$251.76
18	\$675.18	\$591.09	\$376.95	\$355.60	\$278.80
19	\$749.53	\$655.97	\$418.03	\$394.31	\$308.84
20	\$832.14	\$728.05	\$655.20	\$655.20	\$764.40

DOL mandates that lowest max rate is 5.4% (class 20 must be at least 5.4%)

Official CY2011 Rates

Tax Class	2011
1	\$4.31
2	\$97.77
3	\$108.63
4	\$120.70
5	\$134.11
6	\$149.01
7	\$165.57
8	\$183.97
9	\$204.41
10	\$227.12
11	\$252.36
12	\$280.40
13	\$536.45
14	\$596.05
15	\$662.28
16	\$735.87
17	\$817.63
18	\$908.48
19	\$1,009.42
20	\$1,121.58

Senate LCI Projections 5-6-10

Tax Class	2011
1	\$5.97
2	\$101.61
3	\$112.90
4	\$125.44
5	\$139.38
6	\$154.87
7	\$172.07
8	\$191.19
9	\$212.44
10	\$236.04
11	\$262.27
12	\$291.41
13	\$557.52
14	\$619.47
15	\$688.30
16	\$764.77
17	\$849.75
18	\$944.17
19	\$1,049.07
20	\$1,165.64

Tax Class	Difference
1	\$-1.66
2	\$-3.84
3	\$-4.27
4	\$-4.74
5	-\$5.27
6	\$-5.86
7	\$-6.50
8	\$-7.22
9	\$-8.03
10	\$-8.92
11	\$-9.91
12	\$-11.01
13	\$-21.07
14	\$-23.42
15	\$-26.02
16	\$-28.90
17	\$-32.12
18	\$-35.69
19	\$-39.65
20	\$-44.06

NOTE: Excludes Contingency Assessment 0.06% and FUTA costs.

Cost vs. 2010

Rate Class	Avg 2010	Avg 2011	Difference	# Firms
1	\$101.50	\$10.30	-\$91.20	45,426
2	\$100.10	\$103.80	\$3.70	1,963
3	\$100.80	\$114.30	\$13.50	1,383
4	\$100.10	\$126.90	\$26.80	950
5	\$100.10	\$140.60	\$40.50	953
6	\$104.30	\$155.30	\$51.00	1,212
7	\$111.30	\$172.10	\$60.80	1,026
8	\$111.30	\$190.00	\$78.70	1,425
9	\$114.10	\$211.00	\$96.90	1,640
10	\$119.00	\$233.10	\$114.10	1,479
11	\$124.60	\$258.30	\$133.70	1,469
12	\$133.00	\$286.70	\$153.70	1,771
13	\$140.00	\$543.30	\$403.30	2,133
14	\$156.10	\$602.20	\$446.10	2,219
15	\$180.60	\$668.40	\$487.80	2,844
16	\$200.90	\$742.00	\$541.10	2,724
17	\$224.00	\$824.00	\$600.00	3,007
18	\$259.00	\$915.50	\$656.50	3,051
19	\$294.00	\$1,016.40	\$722.40	2,955
20	\$333.20	\$1,127.90	\$794.70	5,601

Put all back at average 2010 tax rate.

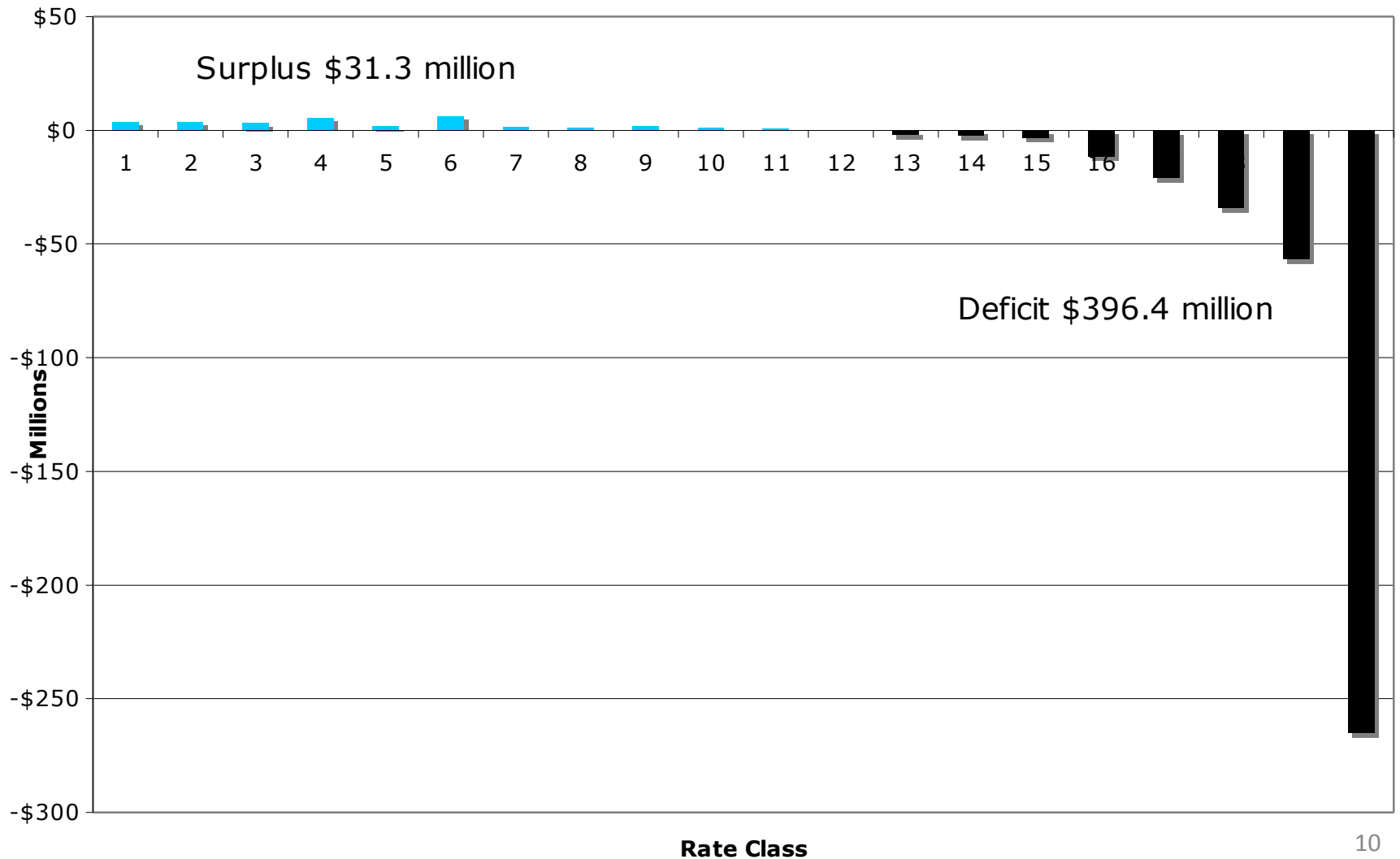
Would need to raise \$383.0 million from outside source or incur additional borrowing and FUTA credit reduction.

Would need to raise \$34 million for interest.

The \$383 million would need to be repaid as well at future date.

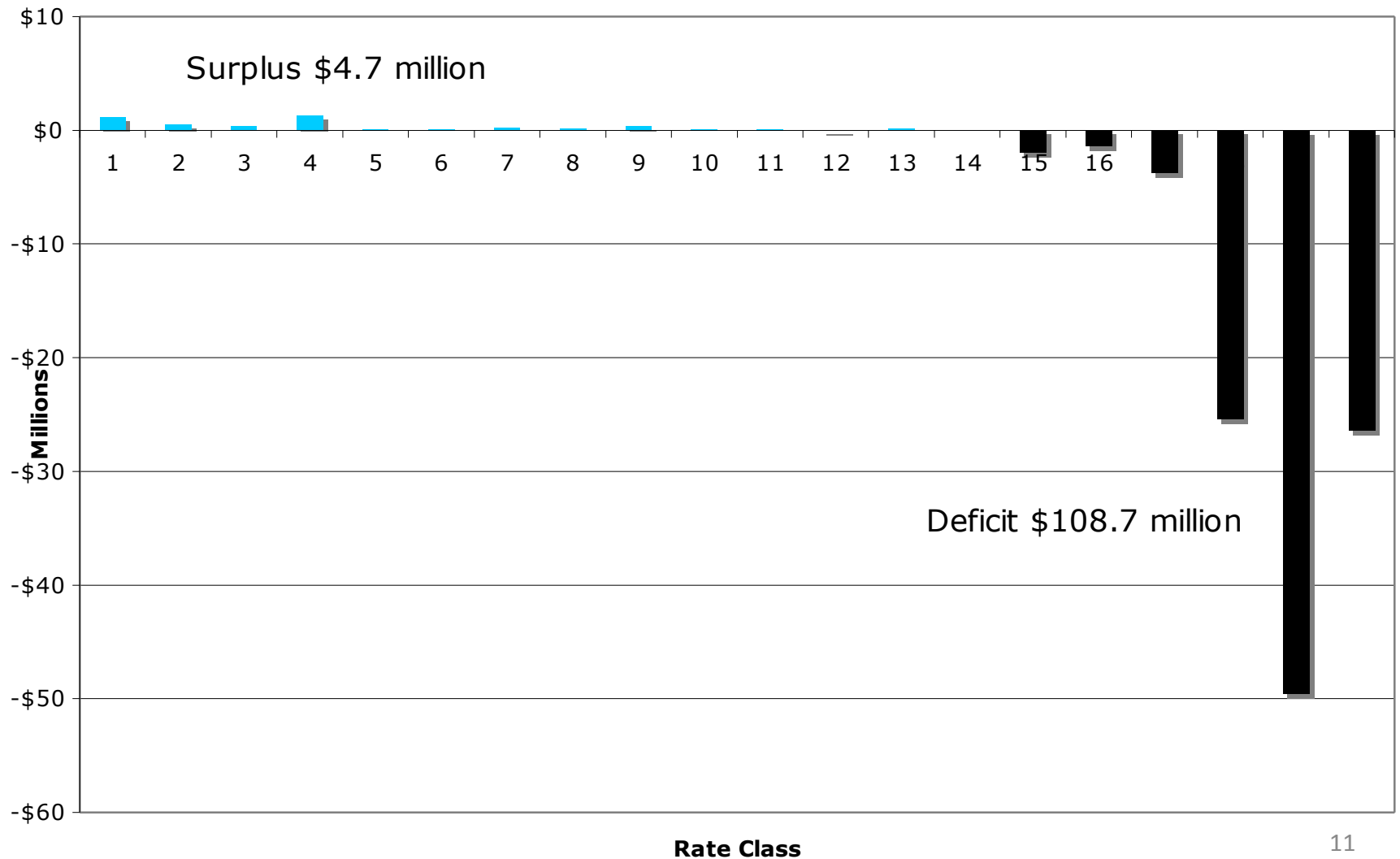
Subsidization by Industry

Manufacturing (31, 32, 33)



Subsidization by Industry

Temporary Staffing (5613)



Scenario 9: Add \$300 to class 1 and portion of \$300 through class 12. Use extra contributions generated to reduce 13-20 proportionately.

	Change in Cost	Tax Rates		Current Cost	Scenario Cost	% Change
1	\$300.00	3.10%		\$10.30	\$310.30	2912.6%
2	\$275.00	3.79%		\$103.80	\$378.80	264.9%
3	\$250.00	3.64%		\$114.30	\$364.30	218.7%
4	\$225.00	3.52%		\$126.90	\$351.90	177.3%
5	\$200.00	3.41%		\$140.60	\$340.60	142.2%
6	\$175.00	3.30%		\$155.30	\$330.30	112.7%
7	\$150.00	3.22%		\$172.10	\$322.10	87.2%
8	\$125.00	3.15%		\$190.00	\$315.00	65.8%
9	\$100.00	3.11%		\$211.00	\$311.00	47.4%
10	\$75.00	3.08%		\$233.10	\$308.10	32.2%
11	\$50.00	3.08%		\$258.30	\$308.30	19.4%
12	\$25.00	3.12%		\$286.70	\$311.70	8.7%
13	(\$180.03)	3.63%		\$543.30	\$363.27	-33.1%
14	(\$222.67)	3.80%		\$602.20	\$379.53	-37.0%
15	(\$265.98)	4.02%		\$668.40	\$402.42	-39.8%
16	(\$309.33)	4.33%		\$742.00	\$432.67	-41.7%
17	(\$396.28)	4.28%		\$824.00	\$427.72	-48.1%
18	(\$440.26)	4.75%		\$915.50	\$475.24	-48.1%
19	(\$483.53)	5.33%		\$1,016.40	\$532.87	-47.6%
20	(\$526.18)	6.02%		\$1,127.90	\$601.72	-46.7%

Shifts \$226.8 million to classes 1-12 (54% of 2011 total)

Scenario 10: Add \$200 to class 1 and portion of \$200 through class 12. Use extra contributions generated to reduce 13-20 proportionately.

	Change in Cost	Tax Rates		Current Cost	Scenario Cost	% Change
1	\$200.00	2.10%		\$10.30	\$210.30	1941.7%
2	\$183.33	2.87%		\$103.80	\$287.13	176.6%
3	\$166.67	2.81%		\$114.30	\$280.97	145.8%
4	\$150.00	2.77%		\$126.90	\$276.90	118.2%
5	\$133.33	2.74%		\$140.60	\$273.93	94.8%
6	\$116.67	2.72%		\$155.30	\$271.97	75.1%
7	\$100.00	2.72%		\$172.10	\$272.10	58.1%
8	\$83.33	2.73%		\$190.00	\$273.33	43.9%
9	\$66.67	2.78%		\$211.00	\$277.67	31.6%
10	\$50.00	2.83%		\$233.10	\$283.10	21.5%
11	\$33.33	2.92%		\$258.30	\$291.63	12.9%
12	\$16.67	3.03%		\$286.70	\$303.37	5.8%
13	(\$132.46)	4.11%		\$543.30	\$410.84	-24.4%
14	(\$163.21)	4.39%		\$602.20	\$438.99	-27.1%
15	(\$194.63)	4.74%		\$668.40	\$473.77	-29.1%
16	(\$226.08)	5.16%		\$742.00	\$515.92	-30.5%
17	(\$289.25)	5.35%		\$824.00	\$534.75	-35.1%
18	(\$321.33)	5.94%		\$915.50	\$594.17	-35.1%
19	(\$352.71)	6.64%		\$1,016.40	\$663.69	-34.7%
20	(\$383.47)	7.44%		\$1,127.90	\$744.43	-34.0%

Shifts \$164.6 million to classes 1-12 (45% of 2011 total)

Scenario 11: Add \$100 to class 1 and portion of \$100 through class 12. Use extra contributions generated to reduce 13-20 proportionately.

	Change in Cost	Tax Rates		Current Cost	Scenario Cost	% Change
1	\$100.00	1.10%		\$10.30	\$110.30	970.9%
2	\$91.67	1.95%		\$103.80	\$195.47	88.3%
3	\$83.33	1.98%		\$114.30	\$197.63	72.9%
4	\$75.00	2.02%		\$126.90	\$201.90	59.1%
5	\$66.67	2.07%		\$140.60	\$207.27	47.4%
6	\$58.33	2.14%		\$155.30	\$213.63	37.6%
7	\$50.00	2.22%		\$172.10	\$222.10	29.1%
8	\$41.67	2.32%		\$190.00	\$231.67	21.9%
9	\$33.33	2.44%		\$211.00	\$244.33	15.8%
10	\$25.00	2.58%		\$233.10	\$258.10	10.7%
11	\$16.67	2.75%		\$258.30	\$274.97	6.5%
12	\$8.33	2.95%		\$286.70	\$295.03	2.9%
13	(\$84.89)	4.58%		\$543.30	\$458.41	-15.6%
14	(\$103.75)	4.98%		\$602.20	\$498.45	-17.2%
15	(\$123.27)	5.45%		\$668.40	\$545.13	-18.4%
16	(\$142.84)	5.99%		\$742.00	\$599.16	-19.3%
17	(\$182.22)	6.42%		\$824.00	\$641.78	-22.1%
18	(\$202.41)	7.13%		\$915.50	\$713.09	-22.1%
19	(\$221.90)	7.95%		\$1,016.40	\$794.50	-21.8%
20	(\$240.77)	8.87%		\$1,127.90	\$887.13	-21.3%

Shifts \$102.4 million to classes 1-12 (35% of 2011 total)

Scenario 12

- Cut rates for 13-20 by 40% (-\$228m)
- Will not have sufficient revenue (\$447m) to make voluntary repayment--results in increase in FUTA across the board
- Add a FUTA surcharge to 13-20 to refund increased cost to classes 1-12--FUTA cost to 1-12 will be \$0.
- Keep interest surcharge in place
- Repay loan through reductions in FUTA credit each year.

Scenario 12

Rate Class	2011	2012	2013	2014	2015	2016	2017
1	\$10.31	\$11.51	\$10.25	\$9.35	\$9.10	\$8.40	\$8.40
2	\$103.83	\$94.64	\$90.19	\$84.51	\$83.56	\$75.84	\$74.52
3	\$114.70	\$104.36	\$99.41	\$93.10	\$91.91	\$83.34	\$81.87
4	\$126.78	\$115.15	\$109.65	\$102.64	\$101.19	\$91.66	\$90.03
5	\$140.20	\$127.15	\$121.04	\$113.25	\$111.50	\$100.92	\$99.10
6	\$155.11	\$140.47	\$133.68	\$125.03	\$122.96	\$111.19	\$109.18
7	\$171.68	\$155.28	\$147.74	\$138.12	\$135.69	\$122.62	\$120.38
8	\$190.09	\$171.73	\$163.35	\$152.67	\$149.83	\$135.31	\$132.82
9	\$210.54	\$190.02	\$180.70	\$168.83	\$165.54	\$149.41	\$146.64
10	\$233.27	\$210.33	\$199.98	\$186.79	\$183.01	\$165.08	\$162.00
11	\$258.52	\$232.90	\$221.40	\$206.75	\$202.41	\$182.48	\$179.07
12	\$286.58	\$257.98	\$245.20	\$228.92	\$223.96	\$201.83	\$198.03
13	\$449.43	\$476.07	\$520.31	\$555.37	\$605.93	\$631.42	\$673.66
14	\$486.38	\$509.70	\$552.32	\$585.50	\$635.37	\$657.54	\$698.32
15	\$527.44	\$547.06	\$588.26	\$618.96	\$668.09	\$686.56	\$725.71
16	\$573.07	\$588.57	\$628.20	\$656.15	\$704.45	\$718.80	\$756.15
17	\$623.76	\$634.69	\$672.57	\$697.47	\$744.84	\$754.63	\$789.96
18	\$680.08	\$685.94	\$721.87	\$743.38	\$789.72	\$794.44	\$827.54
19	\$742.67	\$742.89	\$776.65	\$794.39	\$839.59	\$838.68	\$869.29
20	\$812.21	\$806.16	\$837.51	\$851.07	\$895.00	\$903.00	\$924.00

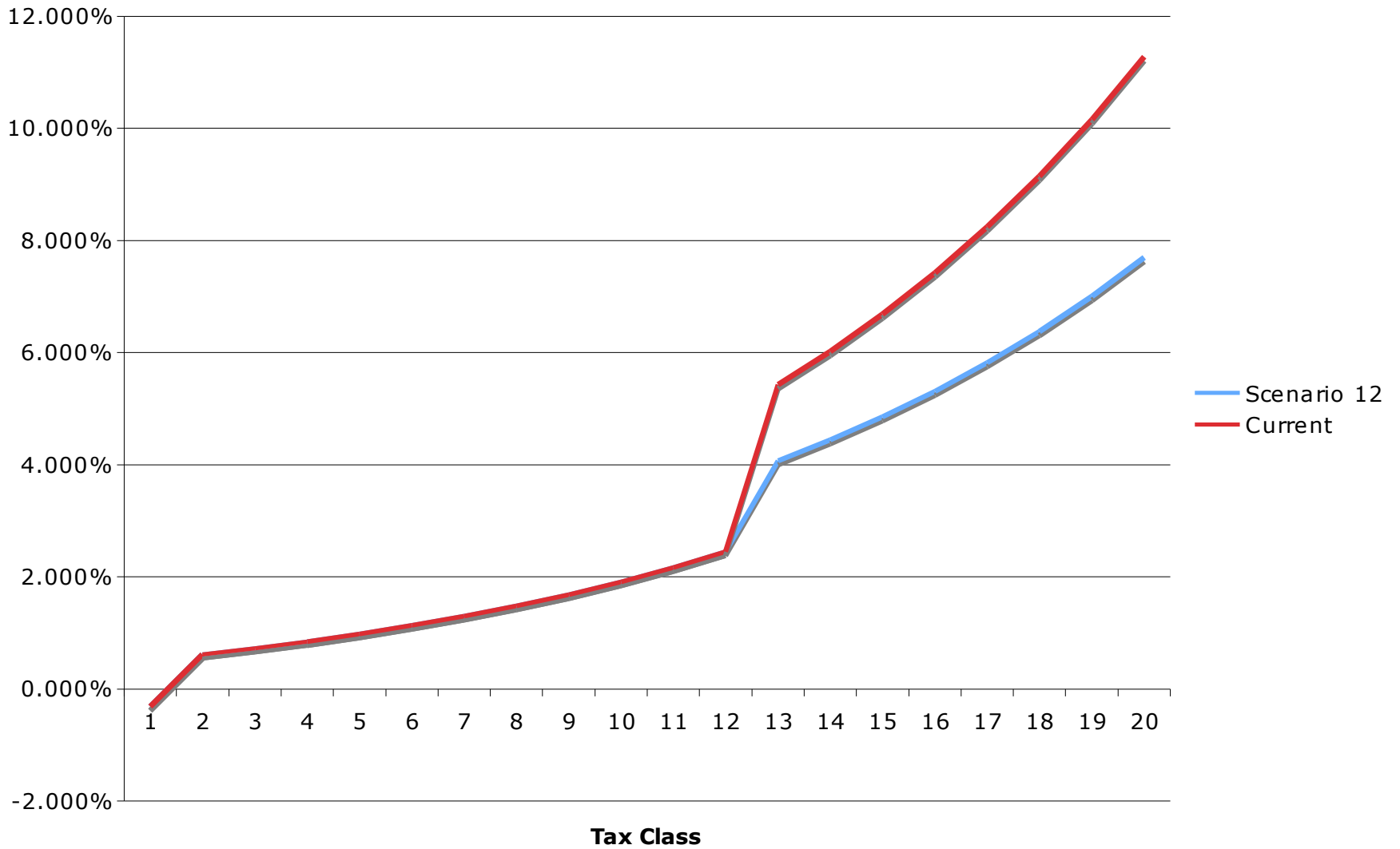
Repays loan in March 2017; Interest approximately \$175.8m

Change in Cost vs. Current

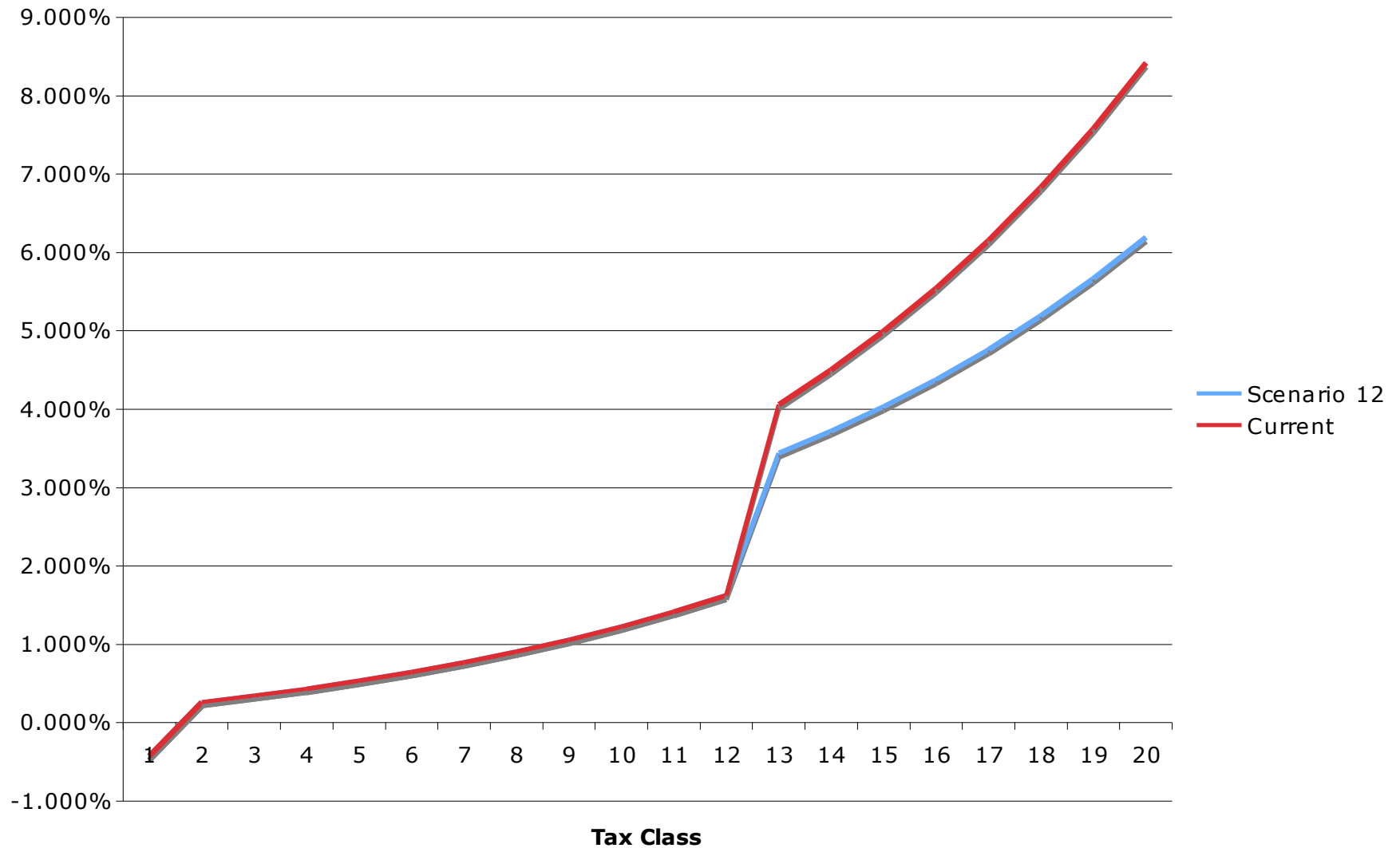
Rate Class	2011	2012	2013	2014	2015	2016	2017	Total Change
1	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
2	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
3	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
4	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
5	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
6	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
7	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
8	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
9	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
10	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
11	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
12	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
13	-\$93.38	-\$10.91	\$57.77	\$123.99	\$185.11	\$252.96	\$302.46	\$818.00
14	-\$116.07	-\$30.59	\$39.19	\$106.98	\$168.74	\$237.96	\$286.80	\$693.00
15	-\$141.28	-\$52.46	\$18.91	\$88.08	\$150.54	\$221.29	\$269.40	\$554.48
16	-\$169.29	-\$76.77	-\$3.61	\$67.08	\$130.33	\$202.78	\$250.07	\$400.58
17	-\$200.42	-\$103.77	-\$28.65	\$43.74	\$107.86	\$182.20	\$228.59	\$229.57
18	-\$235.00	-\$133.77	-\$56.46	\$17.82	\$82.90	\$159.34	\$204.73	\$39.56
19	-\$273.43	-\$167.11	-\$87.36	-\$10.99	\$55.17	\$133.94	\$178.21	-\$171.56
20	-\$316.12	-\$204.15	-\$121.70	-\$43.00	\$24.35	\$120.90	\$157.07	-\$382.65

Saves money for 13-20 through 2013; eventually more expensive as federal taxes increase; burden on 13-18.

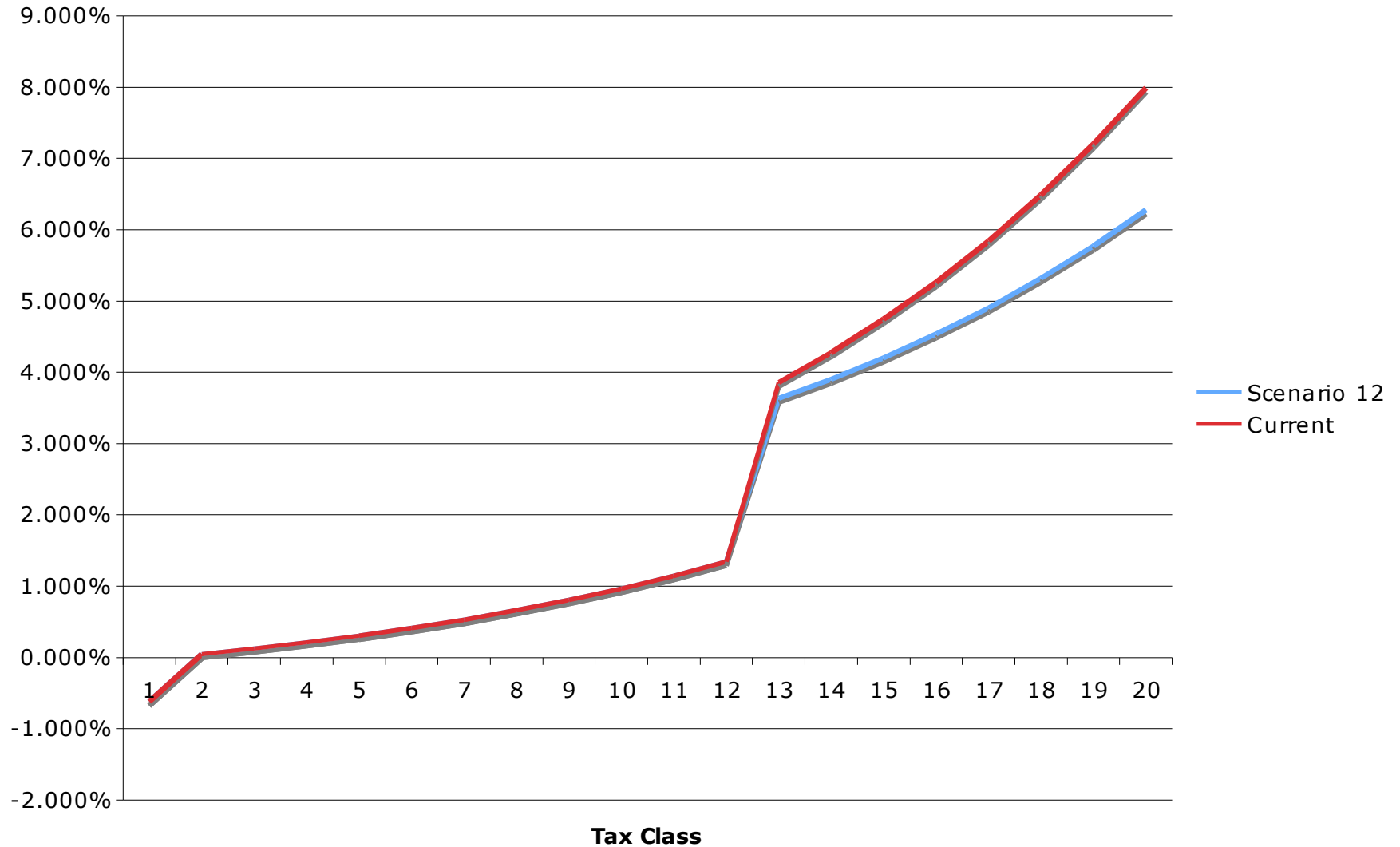
Comparison 2011



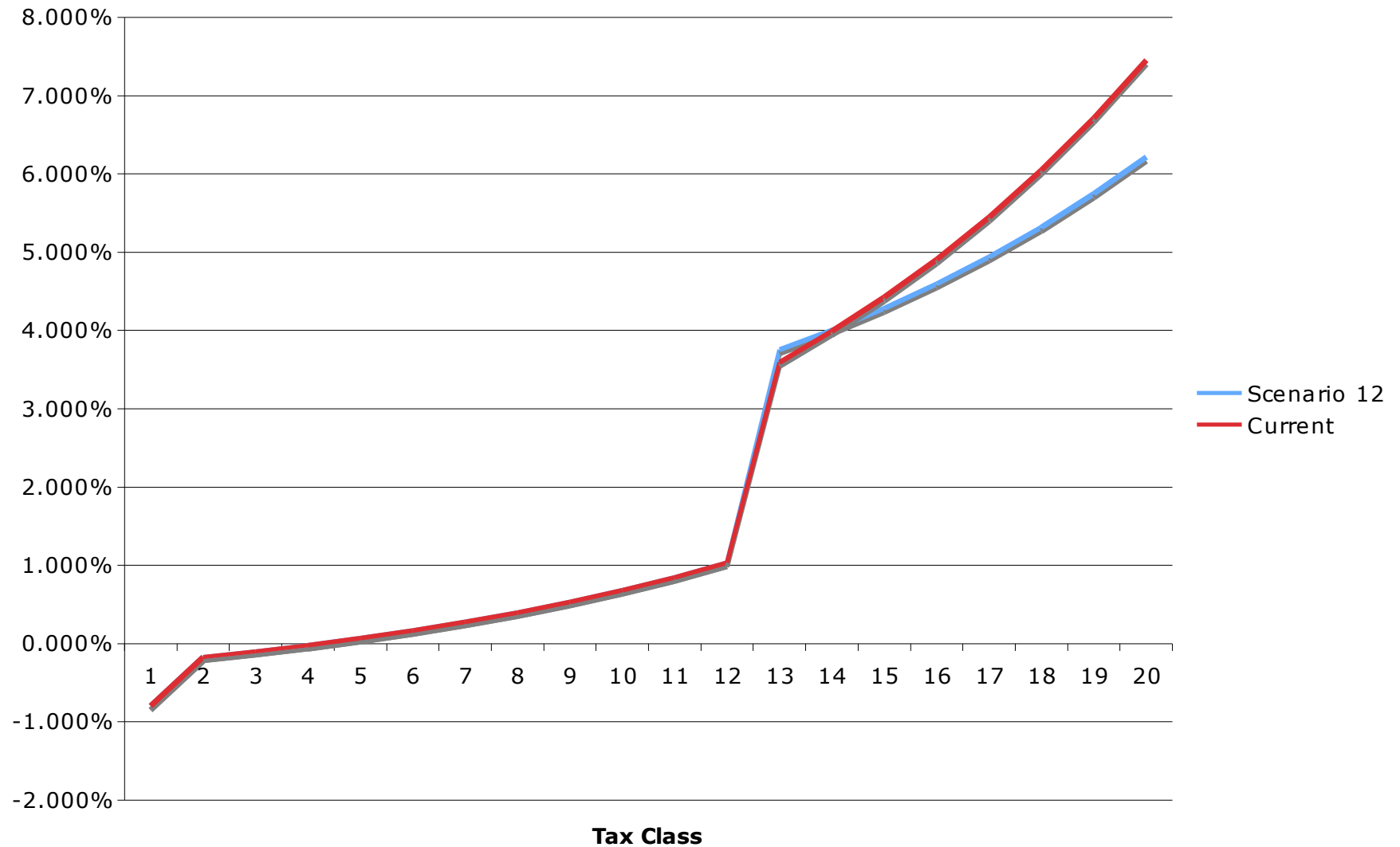
Comparison 2012



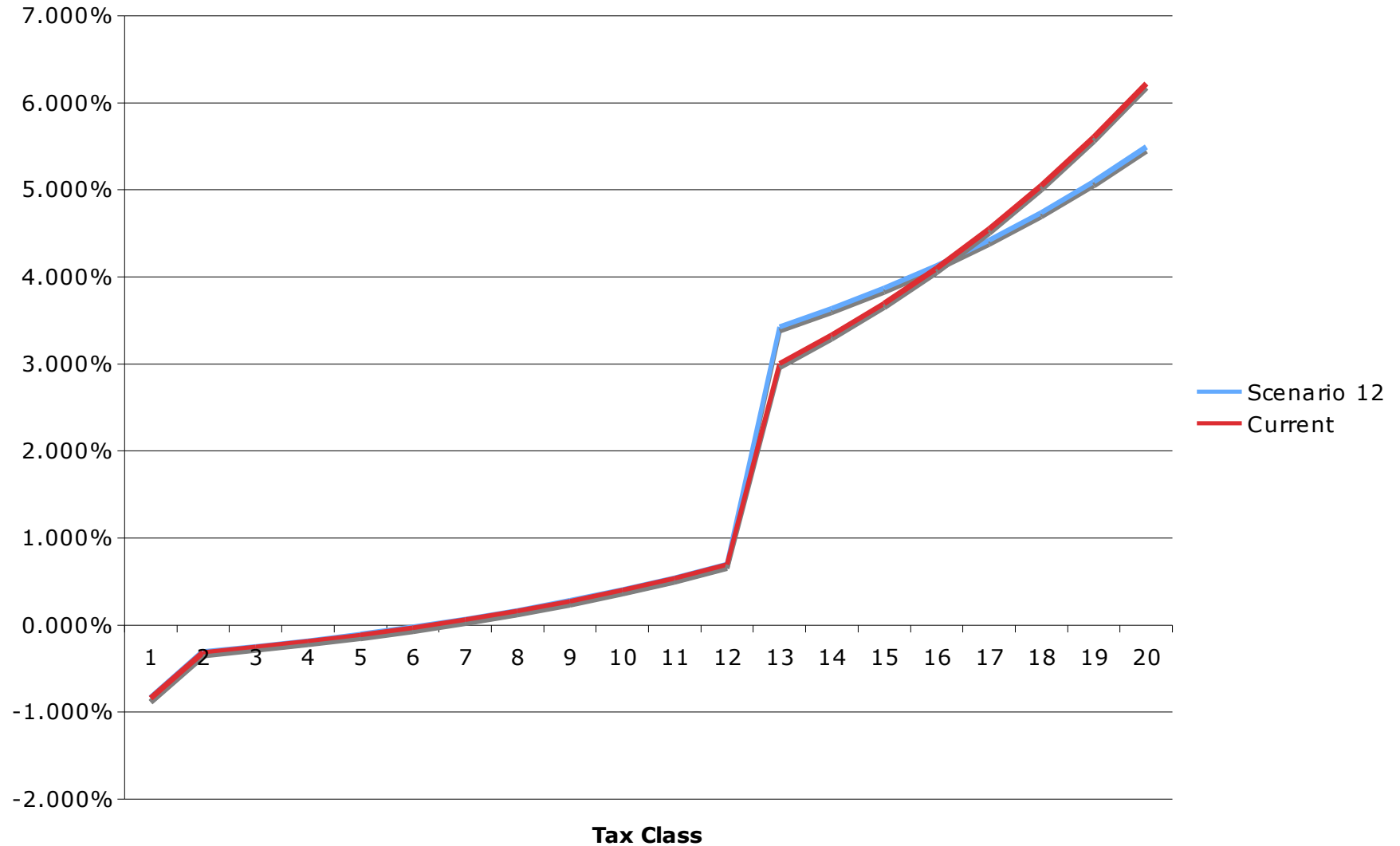
Comparison 2013



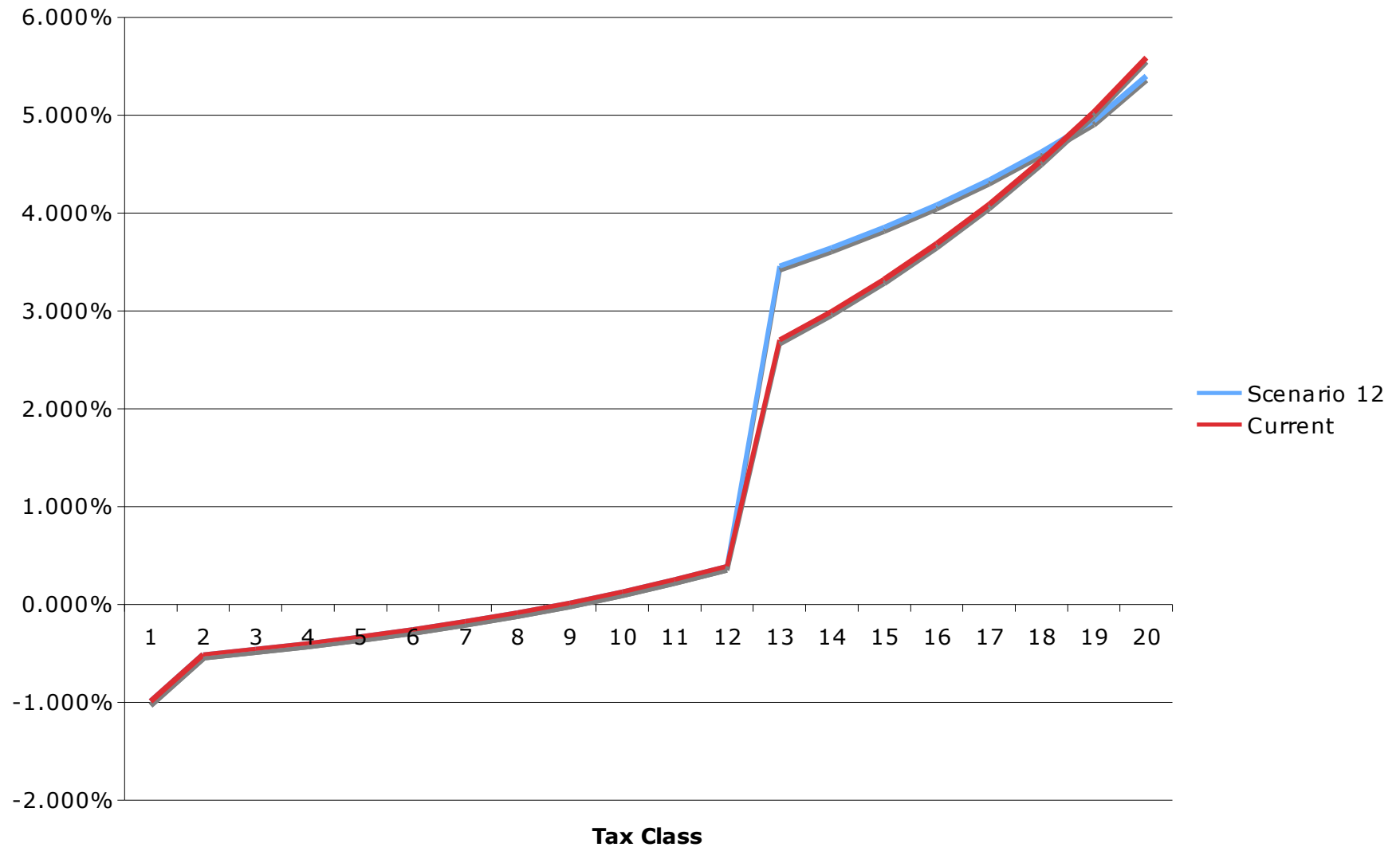
Comparison 2014



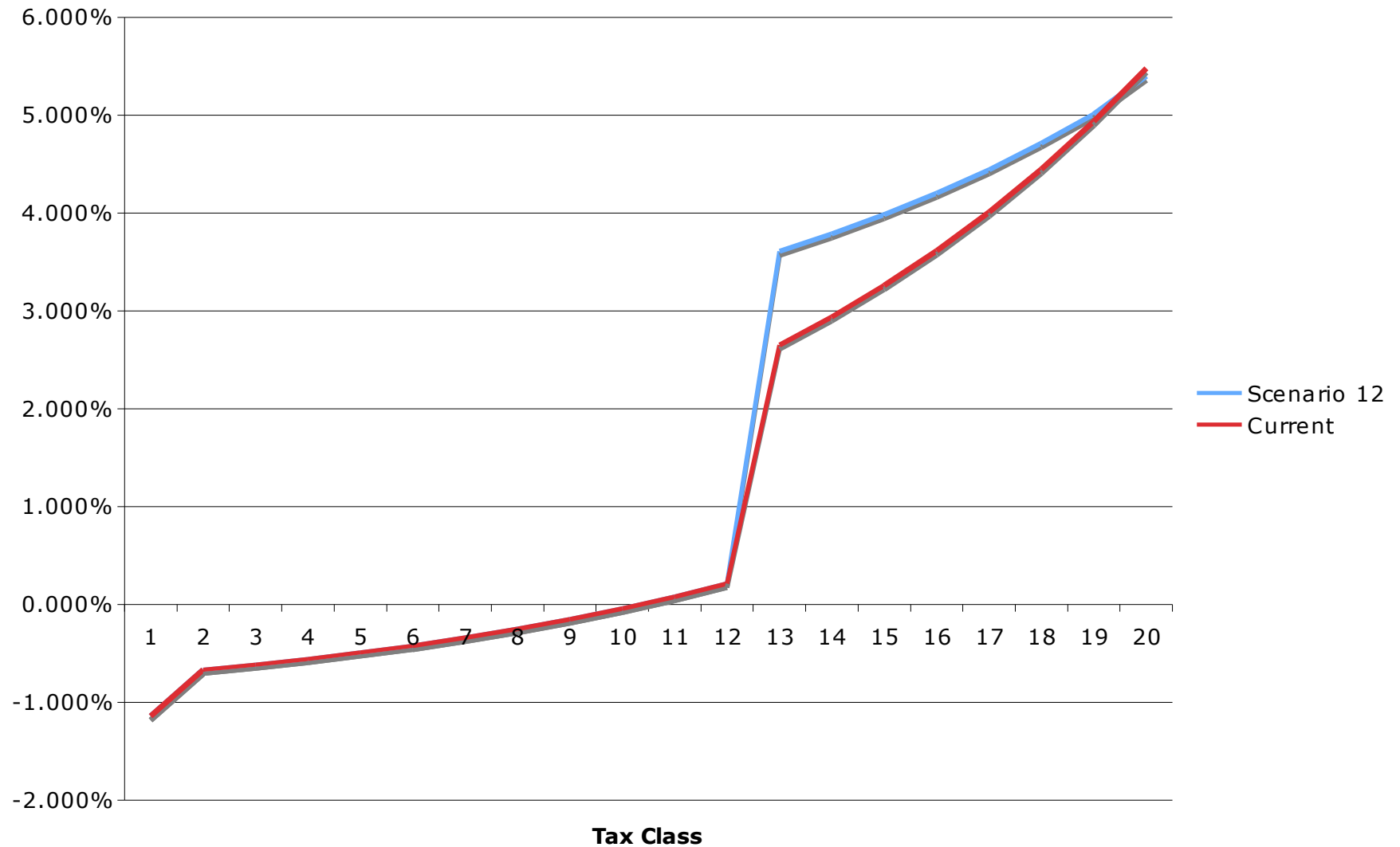
Comparison 2015



Comparison 2016



Comparison 2017



Scenario 13: Interest Only 2011 & 2012

Rate Class	Interest Only	Current	Change
1	\$108.31	\$66.31	\$42.00
2	\$180.80	\$159.83	\$20.97
3	\$189.34	\$170.70	\$18.64
4	\$198.82	\$182.78	\$16.04
5	\$209.36	\$196.20	\$13.15
6	\$221.06	\$211.11	\$9.95
7	\$234.07	\$227.68	\$6.39
8	\$248.52	\$246.09	\$2.43
9	\$264.58	\$266.54	-\$1.96
10	\$282.42	\$289.27	-\$6.85
11	\$302.25	\$314.52	-\$12.28
12	\$324.27	\$342.58	-\$18.31
13	\$525.42	\$598.81	-\$73.38
14	\$572.25	\$658.45	-\$86.20
15	\$624.28	\$724.72	-\$100.45
16	\$682.09	\$798.36	-\$116.27
17	\$746.32	\$880.18	-\$133.86
18	\$817.69	\$971.09	-\$153.40
19	\$896.98	\$1,072.09	-\$175.11
20	\$985.09	\$1,184.33	-\$199.23

- Raise enough revenue to cover cost of benefits.
- Raise enough revenue to cover interest.
- Does not raise enough to make voluntary minimum payment.
- Allow FUTA to increase on all employers for 2011.

Scenario 13: Interest Only 2011 & 2012

Rate Class	Interest Only	Current	Change
1	\$130.43	\$67.51	\$62.91
2	\$193.73	\$150.64	\$43.09
3	\$201.24	\$160.36	\$40.88
4	\$209.57	\$171.15	\$38.42
5	\$218.84	\$183.15	\$35.69
6	\$229.13	\$196.47	\$32.66
7	\$240.57	\$211.28	\$29.29
8	\$253.27	\$227.73	\$25.54
9	\$267.39	\$246.02	\$21.38
10	\$283.08	\$266.33	\$16.75
11	\$300.51	\$288.90	\$11.61
12	\$319.88	\$313.98	\$5.91
13	\$496.75	\$542.98	-\$46.23
14	\$537.92	\$596.29	-\$58.37
15	\$583.67	\$655.52	-\$71.86
16	\$634.50	\$721.34	-\$86.84
17	\$690.97	\$794.46	-\$103.49
18	\$753.73	\$875.71	-\$121.99
19	\$823.45	\$965.99	-\$142.54
20	\$900.92	\$1,066.30	-\$165.38

- Raise enough revenue to cover cost of benefits.
- Raise enough revenue to cover interest.
- Does not raise enough to make voluntary minimum payment.
- Allow FUTA to increase on all employers for 2012.

Scenario 13: Interest Only 2011 & 2012

- Raise enough revenue to cover cost of benefits.
- Raise enough revenue to cover interest.
- 2013 and forward raise enough to make voluntary payment.
- FUTA returns to 0.8% in 2013.
- Lowers costs slightly for 2011-2013 rate classes 13-20.
- Repays loan in 2016--one year later than current solution; cost for all classes slightly higher in 2016 than current solution.